

Message Text

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TAGS: BGEN, UR, US

SUBJ: PROBLEMS OF U.S. BUSINESSMEN IN MOSCOW

1. SUMMARY. DISCUSSION AT DECEMBER 19 LUNCHEON MEETING OF REPRESENTATIVES OF ACCREDITED U.S. FIRMS IN MOSCOW FOCUSED ON CUSTOMS PROBLEMS, VISAS, AND CONDITIONS OF EMPLOYMENT FOR SOVIET STAFF MEMBERS. PICKING UP SUGGESTION MADE BY SOVIETS, GROUP DESIGNATED ARTHUR ANDERSEN REP (GEORGE KAISER) AS ITS REPRESENTATIVE FOR FUTURE DISCUSSIONS OF "HOUSEKEEPING" MATTERS WITH MINISTRY OF FOREIGN TRADE PROTOCOL DEPARTMENT. END SUMMARY.

2. CUSTOMS PROBLEMS: DISCUSSION OF CUSTOMS PROBLEMS COVERED TWO SEPARATE ISSUES: 1) FREQUENTLY ARBITRARY BEHAVIOR OF SOVIET CUSTOMS OFFICIALS IN CLEARING SHIPMENTS DESTINED FOR ONE OF ACCREDITED OFFICES; AND 2) NEED FOR BONDED WAREHOUSE IN MOSCOW WHERE ACCREDITED FIRMS (PRESUMABLY NOT RESTRICTED TO U.S. FIRMS) COULD KEEP ESSENTIAL SUPPLIES AND SPARE PARTS NEEDED FOR EQUIPMENT SOLD TO SOVIETS. SPARE PARTS PROBLEM WAS STRESSED BY
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IBM REP, WHO AGREED THAT HIS COMPANY WOULD FIND SUCH A FACILITY

MOST USEFUL. MINISTRY OF FOREIGN TRADE HAS AGREED IN PRINCIPLE TO PROVIDE REPRESENTATIVE (PRESUMABLY FROM ITS MAIN CUSTOMS ADMINISTRATION) WHO CAN DISCUSS VARIOUS CUSTOMS PROBLEMS AT NEXT LUNCHEON MEETING OF U.S. BUSINESS COMMUNITY.

2. VISAS. ON VISA FRONT, DISCUSSION CENTERED AS EXPECTED ON PROBLEM OF OBTAINING MULTIPLE ENTRY/EXIT VISAS FOR OTHER THAN TOP MAN IN OFFICES ACCREDITED TO MINISTRY OF FOREIGN TRADE. CONNOR OF TRADE/ECONOMIC COUNCIL ADVISED THAT HE HAD RECENTLY RAISED THIS SUBJECT WITH MINISTRY OF FOREIGN TRADE PROTOCOL DEPARTMENT, WHICH, ACCORDING TO CONNOR, TOOK GENERALLY SYMPATHETIC APPROACH. HOWEVER, MINISTRY POINTED OUT TO CONNOR THAT 20 U.S. BUSINESSMEN NOW HAVE SOVIET MULTIPLE ENTRY-EXIT VISAS WHILE ONLY EIGHT OF SOVIETS NOW WORKING WITH AMTORG AND KAMA PURCHASING COMMISSION HAVE U.S. MULTIPLE ENTRY VISAS. SOVIETS AGREED WITH CONNOR'S POINT THAT SITUATION NOT ENTIRELY COMPARABLE DUE TO FACT THAT U.S. DOES NOT REQUIRE SEPARATE EXIT VISA AND SUGGESTED THAT SOLUTION BE SOUGHT WHEREBY OTHER THAN TOP MAN IN U.S. BUSINESS OFFICES WOULD BE GIVEN EXIT VISA OF INDEFINITE DURATION UPON ARRIVAL IN MOSCOW. THIS WOULD ALLOW PERSONS IN THIS CATEGORY TO LEAVE USSR AT ANY TIME. THEY WOULD, HOWEVER, HAVE TO OBTAIN SEPARATE ENTRY VISA IN ORDER TO RETURN TO MOSCOW. WHILE MEMBERS OF BUSINESS COMMUNITY AGREED THAT THIS PROPOSAL WOULD REPRESENT IMPROVEMENT ON CURRENT SITUATION, THERE APPEARED TO BE INFORMAL CONSENSUS THAT ACTION BY U.S. GOVERNMENT AIMED AT SECURING MULTIPLE ENTRY/EXIT VISAS FOR ALL STAFF MEMBERS OF ACCREDITED OFFICES WOULD BE MUCH PREFERRED. ON LATER POINT, CONNOR SAID HE HAD BEEN TOLD BY MINISTRY OF FOREIGN TRADE THAT MINISTRY OF FOREIGN AFFAIRS HAD RECEIVED LETTER FROM EMBASSY ON MARCH 13, 1974 WHICH ALLEGEDLY INDICATED THAT USG AGREED WITH SOVIET PRACTICE IN GRANTING MULTIPLE ENTRY/EXIT VISAS ONLY TO TOP MAN IN EACH OFFICE.
(COMMENT: OUR RECORDS CONFIRM NO DIPNOTE OR LETTER TO THIS EFFECT HAS BEEN SENT TO MFA BY EMBASSY AT ANY TIME.)
AMBASSADOR STOESSEL, WHO ATTENDED LUNCHEON MEETING, POINTED OUT THAT WE HAD CONSISTENTLY PRESSED SOVIETS TO GIVE MULTIPLE ENTRY/EXIT VISAS TO ALL ACCREDITED U.S. BUSINESSMEN AND RECALLED THAT SECRETARY SIMON HAD RAISED THIS PROBLEM WITH SOVIETS DURING THIS OCTOBER 1974 VISIT TO MOSCOW. ECON/COMM COUNSELOR AND DIRECTOR OF COMMOFF BOTH CONFIRMED LIMITED OFFICIAL USE

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THAT THEY WERE UNAWARE OF ANY SUCH LETTER OF SORT MENTIONED BY SOVIETS.

3. EMPLOYMENT OF SOVIETS. SEVERAL REPRESENTATIVES EXPRESSED CONCERN OVER INDICATIONS THAT SOVIETS PLAN TO TAKE STEPS TO PROHIBIT WIDELY-USED PRACTICE WHEREBY SOVIET CITIZENS WORKING FOR ACCREDITED COMPANIES ARE PAID PART OF SALARIES IN FORM OF "SERIES D" COUPONS, WHICH CAN BE USED IN

VNESHPOSYLTORG OUTLETS. GENERAL ELECTRIC REP REPORTED THAT HE HAD JUST SIGNED CONTRACT WITH UPDK COVERING NEW EMPLOYEE AND THAT THIS CONTRACT INCLUDED SPECIFIC PROHIBITION AGAINST USE OF "SERIES D" COUPONS TO PAY PART OF SALARY. ENSUING DISCUSSION REVEALED THAT EACH COMPANY HAS ADOPTED SOMEWHAT DIFFERENT APPROACH IN THIS AREA, REFLECTING ABSENCE OF CLEAR GUIDANCE FROM SOVIETS. WHILE SOME REPRESENTATIVES SUGGESTED THAT GROUP RAISE MATTER WITH UPDK IN EFFORT OBTAIN DEFINITIVE RULING, THERE WAS FEELING ON PART OF SEVERAL PARTICIPANTS THAT IF OBLIGED TO CLARIFY SITUATION, SOVIET WOULD PROHIBIT FURTHER USE OF COUPONS. THESE REPRESENTATIVES SUGGESTED THAT IT WAS BETTER TO CONTINUE CURRENT (DISORDERLY) PRACTICE.

4. FURTHER DISCUSSIONS WITH SOVIETS. CONNOR ADVISED THAT IN RECENT DISCUSSION WITH MINISTRY OF FOREIGN TRADE PROTOCOL DEPARTMENT, SOVIETS HAD EXPRESSED VIEW THAT U.S. BUSINESS GROUP SHOULD DESIGNATE ONE OF ITS MEMBERS AS POINT OF CONTACT FOR FURTHER DISCUSSIONS OF "HOUSEKEEPING" MATTERS. SOVIETS TOLD CONNOR THAT JAPANESE BUSINESS COMMUNITY HAD ADOPTED THIS PRACTICE, WITH GOOD RESULTS. AFTER SOME DISCUSSION, ARTHUR ANDERSEN REP AGREED ASSUME THIS RESPONSIBILITY AND WAS ELECTED BY ACCLAMATION. (COMMENT: MAJORITY OF BUSINESS REPS FELT THAT TRADE/ECONOMIC COUNCIL SHOULD ASSUME THIS FUNCTION. HOWEVER, CONNOR ARGUED THAT AS JOINT US-SOVIET ORGANIZATION, COUNCIL WAS NOT IN POSITION TO PRESS VIEWS OF U.S. BUSINESS GROUP ON SOVIETS. END COMMENT.)
STOESSEL

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